



Board of Governors of the Federal Reserve System

**OFFICE OF INSPECTOR GENERAL**

**STRATEGIC PLAN**

**1998 — 2001**

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## FOREWORD

The Office of Inspector General of the Board of Governors of the Federal Reserve System is fully committed to the principles of integrity, objectivity, and competence. We derive our mission statement and our duties and responsibilities from the Inspector General Act and the Federal Deposit Insurance Act, and subscribe to the high professionalism attendant to being a part of the Federal Reserve and a member of the President's Executive Council on Integrity and Efficiency.

This strategic plan marks the beginning of the second decade of Office of Inspector General planning at the Board of Governors of the Federal Reserve System. It provides the strategic direction, goals, strategies, and performance measures that we will use to guide, operate, and evaluate our operations for 1998 through 2001. It is structured according to the critical components required by the Government Performance and Results Act of 1993, follows the guidance of the Federal Reserve System's *Strategic Framework 1997 — 2002*, and sets the four-year planning base for our biennial plan and our two-year budget in accordance with the Board's new planning and budgeting approach.

The challenges of the external and internal changes the Federal Reserve is experiencing and will experience over the period bring new opportunities for the Office of Inspector General to assist the Board in assessing accountability, providing feedback on program performance, recommending ways to increase efficiency and effectiveness of operations, identifying savings and possible reallocations of resources, and detecting and preventing fraud, waste, abuse, and mismanagement. Our plan outlines our approaches to maximizing these opportunities for positive results as we assist the Board in ensuring that the Congress, the banking community, and the public have full trust and confidence in the nation's central bank.

Sincerely,

A handwritten signature in black ink, appearing to read "Brent L. Bowen". The signature is fluid and cursive, with the first name "Brent" being more prominent than the last name "Bowen".

Brent L. Bowen  
Inspector General

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## INTRODUCTION AND APPROACH

- ◆ This strategic plan outlines the direction the Office of Inspector General (OIG) of the Board of Governors of the Federal Reserve System (the Board) will take over the next four years. It was developed within the context of the Federal Reserve System's *Strategic Framework 1997 — 2002* using input from our risk model, which captures, maintains, and prioritizes potential areas for review, and from our waste, fraud, and abuse hotline.
- ◆ We also used input from OIG and Federal Reserve staff and discussed the plan with the members of the Board and representatives of the Senate and House banking and government committees.

Strategic planning is the process of continually and systematically evaluating the nature of an organization, defining its long-term objectives, identifying quantifiable goals, developing strategies to reach those objectives and goals, and allocating resources to carry out those strategies.

## Mission and Vision

- ◆ **The overall mission of the OIG is to assist the Board in achieving economy, efficiency, and effectiveness and in preventing and detecting fraud, waste, and abuse in its operations and activities.**
- ◆ Our duties and responsibilities are enumerated in the Inspector General Act and the Federal Deposit Insurance Act. In sum, we provide policy direction for and conduct, supervise, and coordinate audits and investigations; review economy and efficiency issues in existing and proposed legislation and regulations; recommend policies for and conduct, supervise, or coordinate relationships between the Board and others in promoting economy and efficiency and preventing and detecting fraud and abuse, including identification and prosecution of participants therein; keep the Chairman and the Congress informed of problems, abuses, and deficiencies; and review Federal Reserve-supervised depository institutions whose failure results in a material loss to the insurance fund.

### OIG Vision

**To be an independent  
force for positive change  
in the Federal Reserve**

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- ◆ In carrying out our duties and responsibilities, we participate with other Offices of Inspectors General in various committees and councils and in the President's Executive Council on Integrity and Efficiency.

## Overall Strategic Goals

- ◆ The OIG has seven strategic goals. Our four specific mission-related goals and associated strategies are presented below. We expect to expend about 80 percent of our audit, investigative, and law and regulatory review resources on these goals.

**Goal 1:** To enhance the performance of the Board's programs.

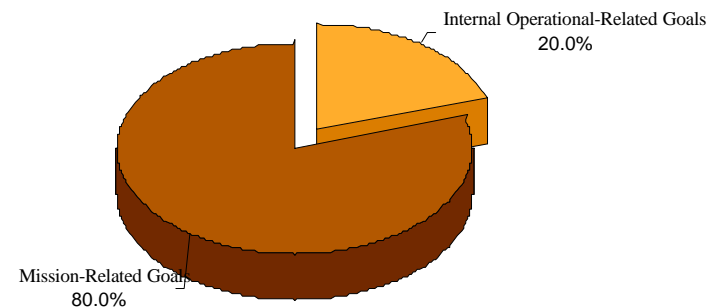
**Goal 2:** To enhance the operations of the Board's administrative services.

**Goal 3:** To identify savings and opportunities to reallocate funds and resources.

**Goal 4:** To detect and prevent fraud, waste, abuse, and mismanagement.

- ◆ The remaining 20 percent of our resources will be devoted to three internal operations-related goals, presented below, that will enable us to be more proficient in satisfying our mission and meeting the first four goals.

**Planned Allocation of OIG Resources**



**Goal 5:** To continue using information technology to improve internal operations.

**Goal 6:** To maintain a skilled, motivated work force in an environment that fosters accountability, communication, teamwork, and professional and personal growth.

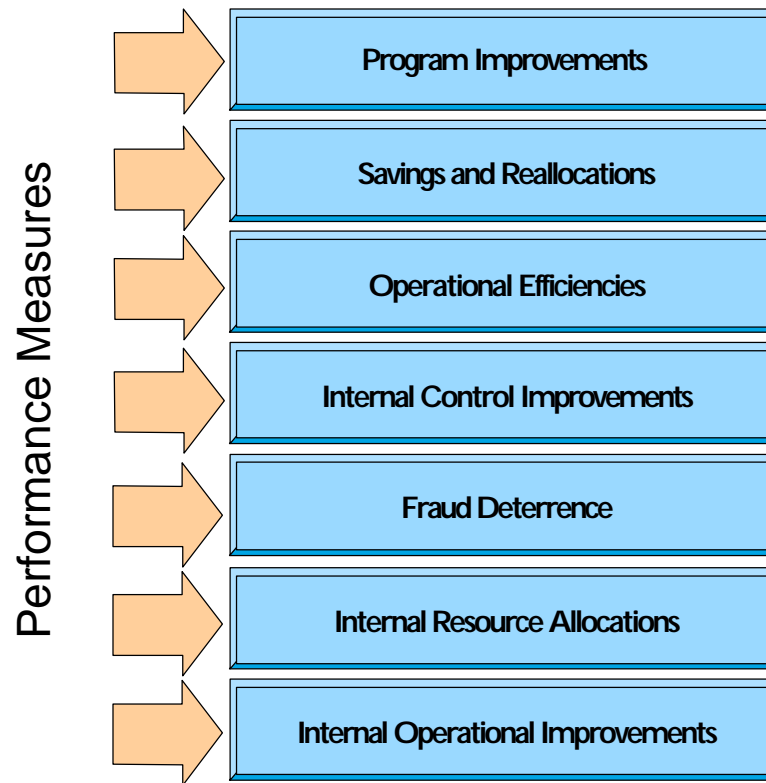
**Goal 7:** To continue to improve the effectiveness and timeliness of our products.

### Use of Performance Measures

- ◆ For each goal, we have established specific performance measures based on inputs, outputs, and outcomes/results to measure our success, recognizing that work on any one goal will usually have an impact on meeting other goals. We will initially establish a baseline or benchmark of current performance, then evaluate the resources used, products produced, and results achieved from our work. These performance measures will assist in evaluating the performance of our teams and our management.

### Planning Assumptions

- ◆ Although the Congress is considering various legislative initiatives that, if enacted, would affect the Federal Reserve’s responsibilities, our strategic plan assumes that there will not be drastic changes to the



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overall mission of the Board or the OIG. Any legislation affecting such things as interstate branching issues and Glass-Steagall Act restrictions on securities activities of banks will be factored into our risk model, and our biennial audit plans will be adjusted accordingly.

- ◆ Absent an acute economic contraction, it is unlikely that numerous banks will simultaneously fail, requiring concurrent reviews under the Federal Deposit Insurance Act. Failures that occur during the planning period will be reviewed by diverting resources from planned activities to meet our material-loss review responsibilities.
- ◆ Our strategic plan presumes that no changes will be made in the manner in which the Inspector General is selected or in the current jurisdiction of the OIG during the planning period, even though pending legislation requires that future Board Inspectors General be appointed by the President with the advice and consent of the Senate and extends the OIG's jurisdiction specifically to include Reserve Bank programs and operations. If this legislation becomes law, we will revisit our planning and budgeting assumptions and make appropriate changes. If the Inspector General position becomes vacant (because of the new law or otherwise), current policies and procedures provide for the continued performance of the mission.
- ◆ The Board's new planning and budgeting approach may lead to changes in organizational structure and in ways of performing various functions. We have factored these changes, which translate to control and risk issues for our office, into our approaches, priorities, and resources in this strategic plan and will in our biennial plans and budgets. For example, should the Board turn to more outsourcing of functions, our interest in contracting and the work of contractors will increase. Any downsizing, restructuring, or other process changes will affect the Board's control structure, which will increase the Board's overall risks and, in turn, affect our work and perhaps our staffing requirements.
- ◆ Our program evaluations are used to measure the results and effects of the Board's programs and policies. As the Board moves to conform to the intent and spirit of the Government Performance and Results Act of 1993, our work will become a more critical source of information for the Board, the Congress, and others in ensuring the validity and reasonableness of the Board's goals and strategies and in identifying factors likely to affect performance.

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## **GOAL 1: To Enhance the Performance of the Board's Programs**

### **Strategies**

- ◆ Concentrate our audit activities on areas within each Board mission area that pose the greatest risk to the Federal Reserve as determined by our risk model.
- ◆ Continually improve our knowledge of Federal Reserve issues by increasing our interaction with Board management.
- ◆ Designate certain staff members as “mission-area coordinators,” responsible for keeping up to date on activities and developments that may affect their assigned mission areas, proposing audit work, and coordinating or providing advice to others in the office on matters relevant to their respective mission areas.
- ◆ Work with other Offices of Inspectors General in conducting joint audits, investigations, and law and regulation reviews and operational activities that tie in with the Board's programs and functions.

### **Mission Area Focus**

- ◆ For each of the Board's major mission areas, we have developed a short description, a list of internal and external factors that will likely influence the area during the planning period, and a summary of the issues we plan to target in our audit and review efforts.

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### **Monetary and Economic Policy Mission Area**

The Federal Reserve System formulates and conducts monetary policy to achieve maximum sustainable long-term growth through price stability. The Board, the Federal Open Market Committee (FOMC), and other System officials use statistical data, analyses, position papers, and forecasts to support monetary policy decisions and actions and to address emerging issues relating to open market, discount, and reserve requirement policy.

#### Key External and Internal Influencing Factors

During this planning period, the work of the Board and the FOMC will likely be affected by the intensified globalization of financial markets and the changing organizational structure of both bank and nonbank financial institutions and national and global payment systems. These developments will require improved analytical and statistical capabilities so that policy makers can understand and monitor changes in the economy and financial markets, implement appropriate policy actions, and respond effectively to financial disturbances. Changes in automation and telecommunications technology will affect how the Board collects, analyzes, stores, secures, and communicates information. These changes introduce additional risks in such areas as security, data integrity, internal controls, and backup and contingency capabilities, and will require improvements in the efficiency and effectiveness of the automated systems that support this mission.

#### Targeted Issues

Absent a specific problem in the monetary policy development process, we see little potential for audit work relating to the policy decisions of the Board and FOMC and the economic analysis, modeling, and forecasting performed by the Board's economists. As matters of technical expertise and judgment, these areas receive appropriate scrutiny from the Congress, academicians, and business professionals. We believe that we can add the most value by helping to assure public confidence in the security and integrity of the data that the Federal Reserve collects and publishes and by ensuring that the Board's research divisions carry out their data-related processes, policy implementation, and support operations as efficiently and effectively as possible.



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### **Supervision and Regulation of Financial Institutions Mission Area**

The Federal Reserve is responsible for promoting a safe, sound, competitive, and accessible banking system and stable financial markets. To achieve this mission, the Board supervises and regulates the nation's banking and financial systems, acts as the lender of last resort, and implements regulations designed to inform and protect consumers. The Board has delegated certain of its supervisory and regulatory functions to the Federal Reserve Banks, including commercial bank examinations, bank holding company inspections, and the authority to approve certain types of applications. The Board also coordinates many of its supervisory activities with other federal, state, and foreign regulators.

#### Key External and Internal Influencing Factors

External factors and trends influencing the relative risks in the supervision and regulation function include banking industry consolidation, a new interstate banking environment, globalization of financial markets and increased payments system risk, expanded trading and derivatives activities, technological innovation and new financial products, competition between banks and nonbanks, concern about consumer credit standards, and continued congressional interest, including how the banking industry will ensure century date compliance. Relevant internal factors include the move to risk-focused supervision, the System's decentralized organizational structure in which the supervision and regulation activities are conducted, and pressures to minimize operating costs.

#### Targeted Issues

Based on our assessment of the environmental factors above and issues facing the Federal Reserve over the planning period, we will focus on the effectiveness of the Board's safety and soundness and consumer examination processes including staffing, timeliness, and burden issues. Specifically, we plan to review the implementation of the risk-focused examination approach and conduct separate audits covering specific aspects of the examination process, such as the review of derivatives, credit card activities, and electronic banking. Also, because further globalization of the world's financial markets has increased the possibility that problems in foreign markets could adversely affect the U.S. payments system, we plan to review the processes involved in the Federal Reserve's role as the lender of last resort and its oversight role. In the compliance area, we plan to review the Federal Reserve's supervision of the new CRA regulations. We also plan to review the Federal Reserve's interaction with the Federal Financial Institutions Examination Council and other regulators, and to evaluate the efficacy of current and proposed legislation. The effective use of technology will also be a target issue.

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### **Payment Systems and Federal Reserve Bank Oversight Mission Area**

The Federal Reserve System plays a key role in assuring the smooth functioning and continued development of the nation's payments systems, the distribution of coin and currency, and the fiscal agency function for the U.S. Treasury. The Board assists in implementing Federal Reserve services so that the requirements of the Monetary Control Act are met and prices cover costs of providing services; serves as custodian and interpreter of the System's Accounting Manual and administers the production and distribution of the System's financial reports; ensures the accuracy and integrity of the Reserve Bank balance sheets and the safekeeping of the Bank's assets; reviews Reserve Bank operations for efficiency and effectiveness; controls Reserve Bank expenditures and financial planning; reviews plans for renovations and new Reserve Bank buildings; and reviews Reserve Bank data processing and communications systems.

#### Key External and Internal Influencing Factors

The Federal Reserve System is reviewing its strategic direction for planning. A key assumption is that the System will continue to lead in the provision and promotion of a sound, secure, accessible, and efficient payment system. Other key assumptions are that the basic structure of the System will not change, but that the System will need to become more efficient, effective, and able to adapt to rapid changes while maintaining appropriate controls.

#### Targeted Issues

With the continued centralization of financial services management and the potential for elimination of some financial services, we plan to independently assess the completeness and accuracy of information the Board uses to make and support its decisions, including an evaluation of the System's compliance with the priced services provisions of the Monetary Control Act. In addition, we will determine if the oversight processes are appropriate and suitable to the new environment. The evaluation will include determining if the Board is properly organized to fulfill its oversight responsibilities efficiently and effectively and its use of control principles such as those promulgated by the Council of Sponsoring Organizations (COSO). We will also evaluate the effect of the outside accounting firm conducting the annual audit of the Reserve Banks' financial statements on the Board's oversight processes and organizational structure.

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## Performance Measures

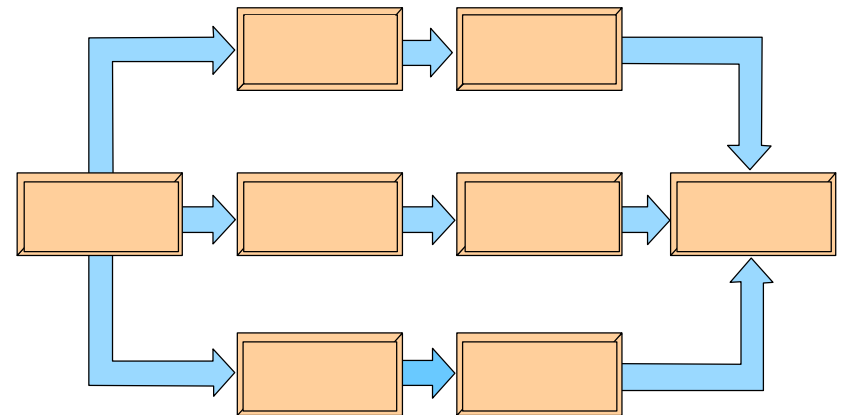
- ◆ Devote 35 percent of our mission-related resources to enhancing performance of the Board's programs. This input measure will be reassessed annually and may be adjusted as a result of updates to our risk model.
- ◆ Determine the impact of positive changes in Board and Federal Reserve programs within the target audit areas that result in significant improvements in the effectiveness of the Board's operations and the achievement of its program goals, reduced regulatory burden, improved measures of judging program results, enhanced compliance with applicable authorizing laws and regulations, and better management controls over program operations. This outcome/results measure will be assessed annually; however, results may not be fully known for some time. We will use our follow-up reviews and other feedback to gauge results and will summarize our overall accomplishments at the end of the four-year strategic planning period.

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## GOAL 2: To Enhance the Operations of the Board's Administrative Services

### Strategies

- ◆ Focus on key administrative areas that have a significant effect on Board operations, affect a large percentage of management and staff, and show the greatest potential for improvement.
- ◆ Conduct audits of administrative programs and business process reviews of specific process functions.
- ◆ Participate, to the extent possible, on Board internal task forces and committees established to address administrative policies and operations.



### Administrative Operations Focus

- ◆ Below is a description of the Board administrative operations, a list of internal and external factors that will likely influence operations during the planning period, and a summary of the issues we plan to target in our audit and review efforts.

A business process review evaluates the economy and efficiency of a complete process from end to end by focusing on redundant steps, number of handoffs, levels of internal control, and use of information technology. It is designed to identify opportunities to improve service delivery and specific quantifiable savings.

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### **The Board's Administrative Operations**

The Federal Reserve Act designates the Chairman of the Board as its "active executive officer," responsible for the overall management of the Board in the execution of its objectives. The Chairman delegates oversight of the Board's day-to-day operations to a designated Board member, currently the Vice Chair, who serves as the Administrative Governor. The Administrative Governor chairs a recently formed Budget Committee, which oversees the Board's planning and budgeting process, presents to the Board a proposed two-year budget and implements its budget decisions, supervises the Board's personnel, and oversees the Board's administrative offices and divisions.

### Key External and Internal Influencing Factors

The Board faces numerous challenges in ensuring that it has the people, technology, budget, facilities, and internal support to respond quickly to the evolving and varying needs of its clients and provide a wide range of high-quality services. Continuing labor market competition and changes in skill mix requirements will influence the Board's overall recruiting, training, and career development strategies. Technological changes also require that the Board continually balance automation requirements and costs with service delivery, efficiency, and security concerns. Pressures for fiscal restraint in all areas continue to challenge the Board, even as it must effectively deal with aging buildings and other infrastructure needs. Finally, the Board maintains a committee structure and the supporting processes to facilitate timely identification of and action on public policy issues, provide continuing education to the public about the System's complex, multiple missions and goals, ensure high ethical standards in all aspects of its work, and effectively execute its legal and regulatory responsibilities.

### Targeted Issues

Our work will focus on determining if the Board has developed a comprehensive and integrated approach to attract, develop, retain, and motivate a highly-skilled staff by providing flexible organizational and work structures, performance-based compensation, diverse opportunities and experiences, and work environments that respond fairly and equitably to the needs of all employees. With the increased reliance on information technology, we plan to review the Board's progress in providing secure and adequate computer facilities that meet user needs and to assess whether the Board is using technology in a compatible, efficient, cost-effective manner, and whether the Board will effectively address the century date compliance. In the financial management and budget area, we will focus on assisting the Board as it initiates a new budget approach and will assess the resulting financial management and budget structure to determine if it (a) provides a consistent, comparable, and reliable basis for decision making, and (b) presents financial information in accordance with stated criteria and with proper attention to internal controls and applicable laws. Our focus on facilities management will be on the proper management and maintenance activities and whether the infrastructure support functions emphasize customer service while properly balancing efficiency, effectiveness, and internal controls. Finally, our audit work in the Board administrative support area will assess the Board's processes for formulating public policies, maintaining high ethical standards, and providing a wider understanding of the Federal Reserve System to the public and other interested parties.

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## Performance Measures

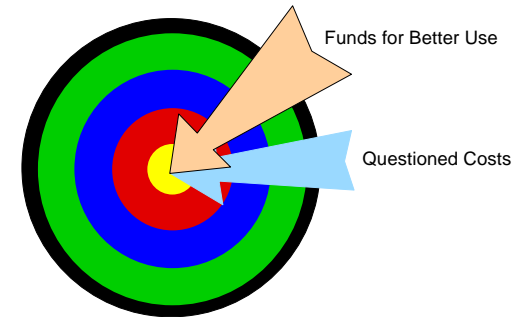
- ◆ Devote 30 percent of our mission-related resources to the goal of enhancing the operations of the Board's administrative services. This input measure will be reassessed annually and may be adjusted as a result of updates to our risk model.
- ◆ Determine the impact of positive changes in the Board's administrative services within the target audit areas that result in reduced costs of operations; elimination of redundant processes; improved service delivery to customers; acquisition of the appropriate type, quantity, and amount of resources; elimination of ineffective or excessive internal controls; and improved operating procedures and operational efficiencies. This outcome/results measure will be assessed annually; however, results may not be fully known for some time. We will use follow-up reviews and other feedback to gauge those results and will summarize our overall accomplishments at the end of the four-year strategic planning period.
- ◆ Measure Board management's and staff's increased satisfaction with the financial management, facilities, legal services, human resources management, and information resources management functions as well as the services provided by other support offices and divisions in areas we address during the period, using employee surveys, exit briefings, and other feedback. This outcome/result measure will be assessed periodically over the four-year strategic planning period.

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## GOAL 3: To Identify Savings and Opportunities to Reallocate Funds and Resources

### Strategies

- ◆ Identify opportunities to reduce costs and/or reallocate resources while reviewing the effectiveness of the Board's programs and the economy and efficiency of administrative operations.
- ◆ Target selected audits or other projects to identify savings and opportunities to reallocate funds and resources.
- ◆ Coordinate audit and investigations functions on any savings issues identified through the risk model or investigative hotline.



### Performance Measures

- ◆ Devote 20 percent of our mission-related resources to fulfilling this goal. This input measure will be reassessed annually and may be adjusted as a result of updates to our risk model.
- ◆ Determine amounts of questioned costs, unsupported costs, and funds for better use, and validate and present them in our semiannual reports. This outcome/result measure will be measured semiannually; the total amounts identified will be summarized in our biennial plans and budgets during the four-year strategic planning period.
- ◆ Validate through follow-up reviews, additional audits and reviews, and other feedback that cost reductions identified have not adversely affected the Board's ability to perform its mission. This outcome/result measure will be measured over the four-year period.

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## Goal 4: To Detect and Prevent Fraud, Waste, Abuse, and Mismanagement

### Strategies

- ◆ Use our audits, investigations, and business process reviews to assist the Board in maintaining the highest standards of integrity in its programs and operations.
- ◆ Continue participating in the development of major automation systems to assure useful preventive controls.
- ◆ Continue the effective introduction, teaching and implementation of internal control self-assessments as a tool to evaluate and improve operations.
- ◆ Continue to rely on our hotline, audits, and investigations to identify fraud, waste, abuse, and mismanagement.
- ◆ Where warranted, conduct studies of the underlying causes of fraud, waste, and abuse and recommend ways that programs and operations can be enhanced to detect vulnerabilities early and to prevent fraud and abuse.

#### Internal Control Self-Assessments

Internal Control Self-Assessment is a process in which employees at all levels of a business unit assess the organization's effectiveness in achieving important objectives. Workshop sessions facilitated by internal audit staff are attended by staff within natural work units or with responsibility for particular functions. During the workshops, participants systematically evaluate how well important activities are carried out, how performance is measured, and what opportunities exist for improvements.

These assessments use the definition of internal controls in the broadest sense; for example, the Council of Sponsoring Organizations includes effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. However, the process is designed to focus on business objectives rather than on internal control objectives. The process also tries to design internal controls from a value-added perspective—mainly those things that help an organization maintain and enhance product quality, improve customer service, help minimize costs, and achieve other important operational objectives.



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## Performance Measures

- ◆ Devote 15 percent of our mission-related resources to investigating, detecting, and preventing waste, fraud, abuse, and mismanagement. This input measure will be reassessed annually and may be adjusted as a result of updates to our risk model.
- ◆ Measure the results of investigative activities performed. This outcome/result measure will be reported semiannually and used in our biennial plans and budgets during the four-year strategic planning period.
- ◆ Identify positive changes made in the form of improved internal controls, system design, law and regulation compliance, and other prevention approaches adopted. This outcome/results measure will be assessed annually; however, results may not be fully known for some time. We will use follow-up reviews and other feedback to gauge these results and will summarize our overall accomplishments at the end of the four-year strategic planning period.



**1-202-452-6400**

**1-800-827-3340**

**Report: Fraud, Waste or Mismanagement**  
• **Information Is Confidential**  
• **Caller Can Remain Anonymous**

**You can also write the Office of Inspector General,  
HOTLINE, Mail Stop 300, Board of Governors of the Federal  
Reserve System, 20th & Constitution Avenue, N.W.,  
Washington, DC 20551.**

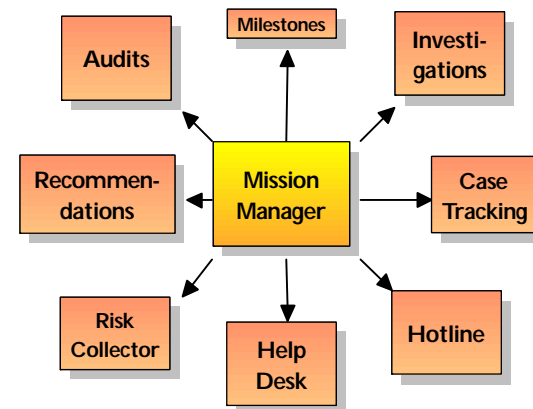
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## GOAL 5: To Continue Using Information Technology To Improve Internal Operations

### Strategies

- ◆ Have the management team ensure that business needs drive our use of information technology
- ◆ Use Lotus Notes “groupware” as our primary platform for OIG application systems to help improve our internal communications, enhance our basic work processes, facilitate our team approach, and enhance our records management systems.
- ◆ Continue using a common suite of office automation tools to reduce operational inefficiencies and incompatibilities and to provide end users with a consistent “look and feel.”
- ◆ Convert all of our user workstations to docking stations to position us for a “virtual office” operation.
- ◆ Develop, implement, and maintain a standard workstation configuration to simplify operations, maintenance, and troubleshooting.
- ◆ Consolidate and standardize our server operations to simplify system administration and maintenance and eliminate multiple communications protocols and network operating systems.

### OIG Notes Applications




- ◆ Maintain OIG information and records electronically to allow easier access, reduce document redundancy, and establish an office information repository.
- ◆ Actively use the Internet, the Federal Reserve's Intranets, and IGNet to improve internal and external communication and to enhance our research capabilities and results.
- ◆ Actively involve OIG staff in information technology projects to help ensure that our efforts meet the needs of our primary users.
- ◆ Use a combination of in-house staff and contractor support to administer, maintain, and enhance our information technology environment to achieve the highest return on our investment.

### Performance Measures

- ◆ Reduce cost and time to perform audits, investigations, and other projects that can be tied to the use of information technology. This input measure will be calculated annually and will be based on comparison of our information technology use with a historical baseline and a year-to-year comparison. Assessments will likely be calculated for specific tasks.
- ◆ Increase communication both internally and externally. This outcome/result measure will be calculated annually based on feedback received from staff surveys and our customers.

### OIG WEB PAGE



## OFFICE OF INSPECTOR GENERAL

*Brent L. Bowen, Inspector General*

FED IG Reports

Audits in Progress


Semiannual Report to Congress

Annual Plan


Strategic Plan

Organization Chart

Feedback on the FED IG Web Page







**Overview of  
Purpose, Functions,  
Missions**



**OIG Toll Free Hotline**  
**800-827-3340**  
within Washington, DC Metro Area  
**202-452-6400**

***Executive Summaries of Last Four Reports Issued:***

- Order Complete Version of Reports Listed Below

**Audit of the Administrative Systems Automation Project**  
(399K PDF)(Full text)

**Audit of Board Oversight of Reserve Bank Procurement**  
(88K PDF)

**Report on the Failure of Guardian Bank** (38K PDF)

**Report on the Audit of the Bank Holding Company Inspection Program** (25K PDF)

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- ◆ Increase user satisfaction with our overall information technology environment. This outcome/result measure will be evaluated annually based on staff surveys and achievement of specific service level agreements.

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## **GOAL 6: To Maintain a Skilled, Motivated Work Force in an Environment That Fosters Accountability, Communications, Teamwork, and Personal and Professional Growth**

### **Strategies**

- ◆ Provide training and developmental opportunities to employees that meet both organizational and personal needs, including mandated and professional certification requirements.
- ◆ Require each staff member to develop an Individual Development Plan that concentrates on the competencies, knowledge, and experience needed to meet the office's future business challenges.
- ◆ Assure attendance at training courses identified for each staff member that relate to the Board's mission areas, emerging audit and investigation techniques, and, in particular, use of automation.
- ◆ Assign work consistent with individual developmental plans to the extent possible.
- ◆ Where possible, provide rotational assignments to the Board, Reserve Banks, and external organizations.
- ◆ Continue to attract and retain well-qualified, diverse, motivated employees.
- ◆ Continue to promote a working environment that stresses teamwork and effective internal communication.

#### **Individual Development Plans**

An Individual Development Plan (IDP) provides a systematic way to manage career development, plan staffs' developmental activities, and coordinate training activities. IDPs are normally developed by the staff member and his or her supervisor to focus on (1) competencies and knowledge areas that need further development, (2) specific activities and materials, (3) the target dates for completing these activities, (4) expenses involved and availability of budgeted funds, and (5) other factors such as coverage of duties and responsibilities during training or developmental assignment absences. Typically, IDPs are prepared to cover a one- or two-year period, but they can cover any length of time. The staff member and supervisor should reassess competencies and knowledge areas and develop a new IDP for continued growth and development as developmental activities are completed or when the plan's timeframe has expired.

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## Performance Measures

- ◆ Determine ability of the office to respond readily to a wide range of issues facing the Federal Reserve and provide meaningful recommendations for improvement in the Board's operations. This input measure will be determined annually through a knowledge/skill assessment and comparison with our next two-year plan. It will also be measured by the extent to which we need to supplement our resources with outside consultants and on feedback from program and internal sources.
- ◆ Measure compliance with professional training and education requirements mandated by legislation, professional associations, and internal policies. This output measure will be calculated annually and training plans adjusted as required.
- ◆ Identify the value of rotational assignments. This outcome/results measure will be evaluated annually based on feedback from staff involved and management of the assigned area.
- ◆ Establish the effectiveness of Individual Development Plans in career planning. This outcome/result measure will be assessed biennially by both managers and staff.
- ◆ Determine proper levels of teamwork, accountability, and effective communication. This outcome/result measure will be evaluated and summarized from annual performance evaluations.

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## **GOAL 7: To Continue To Improve the Effectiveness and Timeliness of Our Products**

### **Strategies**

- ◆ Perform an in-depth analysis of the structure and presentation effectiveness of our reports, specifically interviewing and soliciting suggestions for improvement from members of the Board and senior Board officials.
- ◆ Solicit input from congressional staff and others who regularly receive our products.
- ◆ Evaluate alternative reporting structures and the possible expanded use of information technology to conduct interactive sessions with auditees.
- ◆ Pilot test all revisions to products before implementation.

### **Performance Measures**

- ◆ Complete the report analysis by the end of 1998. This output measure will set the stage and timeframes for future enhancements.
- ◆ Ensure that feedback is received after any revisions to the format, structure, or proposed content of our products. This outcome/result measure will be summarized six months after the change and products adjusted as necessary.
- ◆ Reduce the cost to produce reports and other products. This input measure will be calculated annually.
- ◆ Promote an open exchange of ideas and information through communication methods that address our reporting, follow-up, and planning processes. This outcome/result measure will be assessed annually as part of our planning and budgeting updates.